

The New Formula for Production Print Success

Powering Profitability with Efficiency,
Automation, Differentiation, and Sustainability



The New Formula for Production Print Success

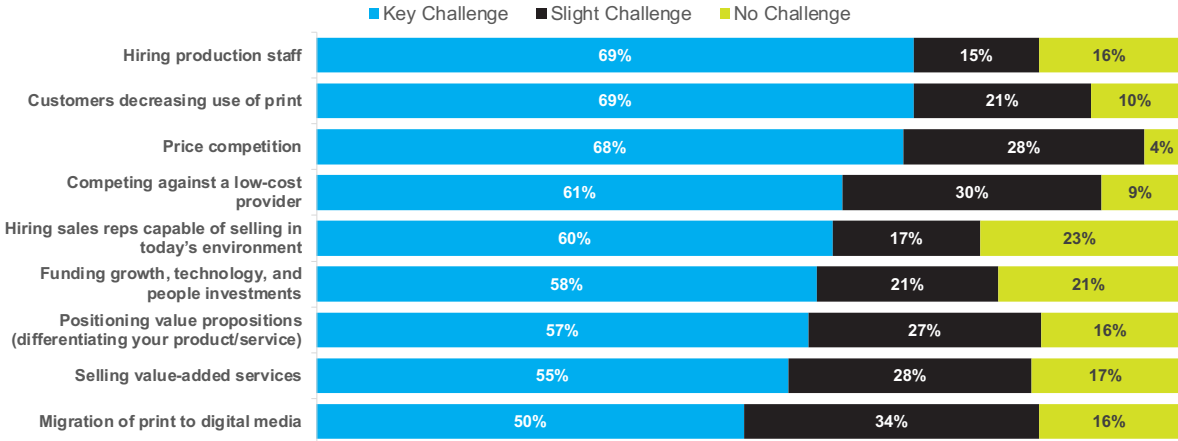
Powering Profitability with Efficiency, Automation, Differentiation, and Sustainability

Today, print service providers are facing unprecedented challenges. Supply chain disruptions, inflation, labor shortages, heightened security requirements, and changing customer needs have redefined the formula for business success. Print service providers are looking for new ways to address these challenges while remaining competitive and profitable.

A recent NAPCO Research survey of commercial printers specifically identifies hiring staff, declines in print volumes, price competition, and defining value propositions as the key challenges to overcome (Figure 1).

Figure 1: Commercial Printer Key Challenges

Q. Please describe the challenge the following present to your company.



n=117 Commercial Printers
 Source: NAPCO Research Annual Commercial Print Trends and Strategy Service, 2021



This special report leverages key findings from the PRINTING United Alliance and NAPCO Research surveys to identify the core challenges facing print service providers and the ways process automation and digital transformation are strengthening business results. In addition, survey findings are backed by real-world experiences of print providers that are investing in technology to overcome obstacles to profitability.

CHALLENGE 1: BEATING PROFITABILITY TARGETS

By definition, profitability is revenue in excess of expenses. Print service providers' key routes to profitability include reducing costs, increasing sales, improving efficiency, or a combination of all three.

Achieving profitability goals is challenging. According to the PRINTING United Alliance's 2022-2023 State of the Industry research, while industry sales are growing and confidence is on the rise, operating cost inflation and labor shortages are squeezing print providers margins. In turn, print providers are prioritizing the importance of cost reduction and production productivity.

According to the State of the Industry research, commercial printers are taking multiple actions to beat profit targets, from price increases to cost-cutting to capital investment that supports automation, faster production speed, and more streamlined workflow (Figure 2).

Figure 2: Ways Commercial Printers Are Improving Profitability

Q. What are you doing (or planning) to increase profitability in 2023?



n=162 Commercial Printers
Source: PRINTING United Alliance 2022-23 State of the Industry Survey



In addition, commercial printers participating in the State of the Industry survey report their top capital investment objective is to increase productivity/efficiency (82%), followed by increasing production speed (53%), and automating operations (52%).

Print providers that are focusing capital investment on all areas of profitability, both cost-cutting and sales growth, are achieving success in meeting profitability goals. ePrint Inc., Hudson, NH, increased year-over-year revenue 35% by investing in a digital press to bring print embellishment work in house. Outsourcing the work resulted in lead times and added costs that weren't in line with ePrint's standards for customer care, and it diminished profits.

ePrint owner Ben Maurais was looking for something new to offer his customers, and invested in the Xerox® Versant® 280 Press with Adaptive CMYK+ Technology. Commenting on the decision, he said, "We all want to grow our businesses, and in the print industry, there just hasn't been a lot of innovation. The investment enables us to bring very unique solutions to our customers."

In another example, Adare SEC's investment in an inkjet press increased the print capacity of the UK-based provider of integrated communications (both print and digital media) by 109% while reducing costs by \$372,000. The press enabled Adare to consolidate its press fleet, while increasing volume and print quality.

Explains Adare's Chief Operating Officer Tom Prestwich, "Immediately after the install, we've been using that device to produce some really exciting secure documents for clients. We're knocking on doors we couldn't go to before."

CHALLENGE 2: ACCELERATING PRODUCTIVITY

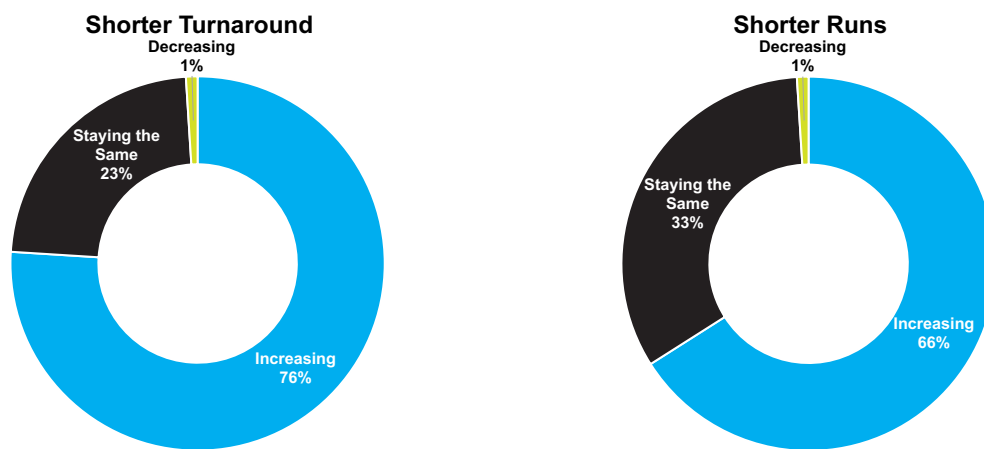
Commercial printers participating in a NAPCO Research survey¹ identified the following as their top three workflow pain points or inefficiencies influencing productivity:

1. Producing and managing a high number of small-quantity jobs
2. Keeping up with technology changes
3. Increasing throughput; shortening production times

Efficiency is paramount in meeting customer expectations. In the same NAPCO Research survey, over three-quarters (76%) of commercial printers reported customer demand for faster turnaround is increasing, while two-thirds (66%) indicated growing customer requirements for shorter runs (Figure 3).

Figure 3: Demand for Communication Efficiency

Q. How are customer demands for the following capabilities changing?



n=118 Commercial Printers

Source: NAPCO Research Annual Commercial Print Trends and Strategy Service, 2021

NAPCO RESEARCH

Digital printing (toner or inkjet) is enabling print service providers to meet current customer demands for short-run, fast-turn work. Before digital printing, short print runs were prohibitively manual and expensive to produce. Jobs printed on offset presses required many setup steps before producing sellable work. Digital printing enabled the cost-effective production of small and medium print runs that are in high demand today. Print buyer demands for shorter runs, personalization, and more versioning are continuing to grow as digital printing options are expanding.

While digital printing is a valuable tool in meeting today's industry demands, workflow and finishing are also essential components in powering a digital production line. As job run lengths decline, the need to manage and streamline all points in the production process, from order entry to finishing, has increased.

Print providers are addressing efficiency challenges and meeting customer demands by leveraging the benefits of production digital printing (both toner and inkjet), workflow software, and integrated finishing solutions. Here are some examples.

Print Providers' Moving to Optimize Operations

The in-house printing operation of Omaha (Nebraska) Public Schools converted a major challenge into an opportunity through its investment in production digital printing. At the start of the COVID-19 pandemic, the shop was asked to produce more than 50,000 instruction packets to support the school district's initial move toward at-home learning. This required the in-plant to print 1.25 million double-sided sheets in just six days — work that would normally take two months.

The in-plant dedicated its two Xerox inkjet presses² to 24/7 production and, with some supplemental outsourcing, met the deadline.

The right investment in digital print technology and workflow enables print service providers to offer short-run products and services to existing customers, while meeting demanding turnaround times. It also means print providers can stay competitive in a price-sensitive environment while maintaining profitability.

The Frisco Independent School District (ISD), on the outskirts of Dallas, concluded that the best way to improve turnaround while reducing cost and improving margins was an investment in production inkjet. The school district is one of the fastest growing in Texas, with 73 schools, more than 8,000 staff members, and nearly 66,000 students.

Frisco ISD's Sherri Broderick, manager of print, mail, and sign services, reports that the continuous increase in print volume as the district added schools was a big influence in the in-plant's decision to invest in inkjet. She recalls, "We had to look at something that was going to give us a higher speed, and capabilities to do the volume that was going to come into play five years from now."

The in-plant added a pair of cut-sheet inkjet presses, replacing 11 black-and-white printers and a color toner printer. Each press was configured with a tape binder and a fully automated signature booklet maker. The inkjet presses offered higher speed, the ability to offer more color, and a lower cost per impression with a substantially smaller footprint. This investment is allowing the in-plant to print that work faster, more efficiently, and for a significantly lower cost.

Print providers are addressing efficiency challenges and meeting customer demands by leveraging the benefits of production digital printing (both toner and inkjet), workflow software, and integrated finishing solutions

Web-to-Print Yields Efficiency

Sir Speedy Printing and Sign in Southern California made an investment in an integrated web-to-print solution to optimize operational efficiency. The system is a browser-based platform that automates the print process from file preparation to final production. The company moved from a complex, time-consuming manual process to a simplified streamlined workflow with fewer manual touches and more flexibility. Manual touches were reduced by 33%, and processing and print time for applications like business cards went from two to four hours all the way down to 10 minutes.

According to company owner Kathy Morgan, “Anything someone needs can be ordered and sent to a machine in minutes and literally out the door within an hour, depending on bindery and print length.”

The benefits of investing in the right digital equipment and workflow automation are important for printers of all sizes, and results in reduced costs, faster turnaround time, fewer errors, and improved output quality. Overall, it offers print service providers a competitive edge by making them a high-value, low-cost, high-margin producer.

Addressing Labor Challenges with Technology

Many businesses are facing labor shortages. According to a NAPCO Research survey of commercial printers, 69% report (Figure 1) hiring production staff is a key challenge³. Finding skilled production workers is one of their biggest operational challenges.

Results from a 2021 PRINTING United Alliance survey of print providers tells a similar story, as 69% reported trouble hiring staff. Of the 230 commercial printers participating in the survey, 41% expect the shortage of labor to continue to be a significant challenge.

The good news is technology has progressed so that many jobs that once required human touchpoints can now routinely be produced by automated workflow solutions, digital presses, and integrated finishing lines. In most instances, print service providers can combine workflow software with digital print solutions to help increase productivity and efficiency, and reduce dependency on labor skills and staffing.

For example, organizations like Jubels, Amsterdam, the Netherlands, are leveraging the capability of workflow automation to deliver results while reducing labor. According to Jeroen van Druenen, CEO, “We automated our processes to produce digitally printed output. More than 90% of our work benefits in some way from the power of our workflow software in automating our production and reducing manual tasks.”

Automation also supports smaller print shops that are typically strapped for resources. David Gardner, digital print manager, AlphaGraphics, Sandy, Utah, reports investment in workflow software “has converted a multi-hour, error-prone file processing step into a two-step, drag-and-drop process that provides all the automation and success verification we, and our customers, need.”

Technology solutions exist to support print service providers in reducing staff needs, simplifying processes, and automating tasks.

Automating business processes to reduce labor requirements and maximize productivity is a critical challenge for print providers. Despite persistent labor and skill shortages, technology solutions exist to support print service providers in reducing staff needs, simplifying processes, and automating tasks.

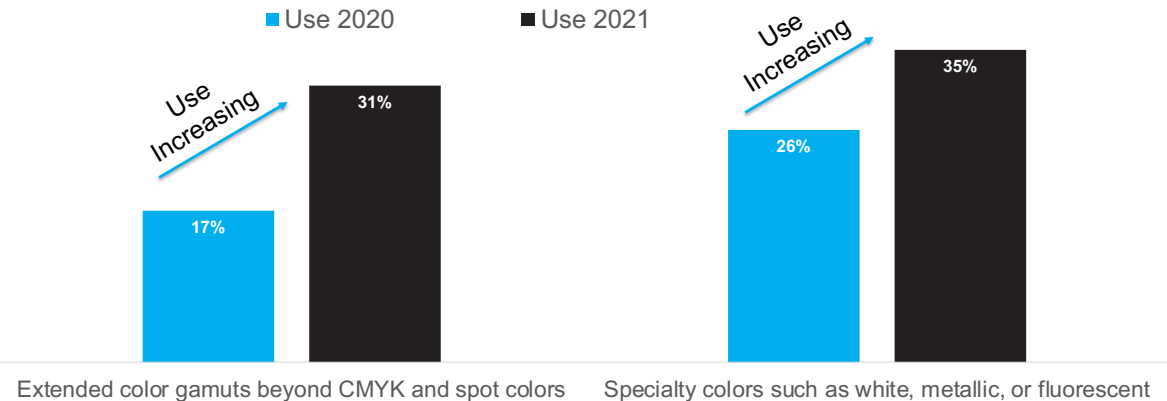
CHALLENGE 3: WINNING MORE BUSINESS BY DIFFERENTIATION AND GROWING PRINT VOLUMES THROUGH INNOVATION

Over half of commercial printers (57%) participating in a NAPCO Research survey⁴ report differentiating their products and services is a key challenge (Figure 1).

Offering printing enhancements is a way for print providers to differentiate from the competition and capture more business. Marketers and brand owners understand the value of enhanced printing and its ability to give their printed communications a premium look.

In NAPCO Research surveys of print buyers or influencers, use of and plans to use color special effects is increasing (Figures 4 and 5). A comparison of a 2020 NAPCO Research survey of print buyers and brand owners with a 2021 survey shows increasing use and plans to specify color print work beyond CMYK.

Figure 4: Use of Color Effects Increasing
Q. How familiar are you with the following types of printing special effects?



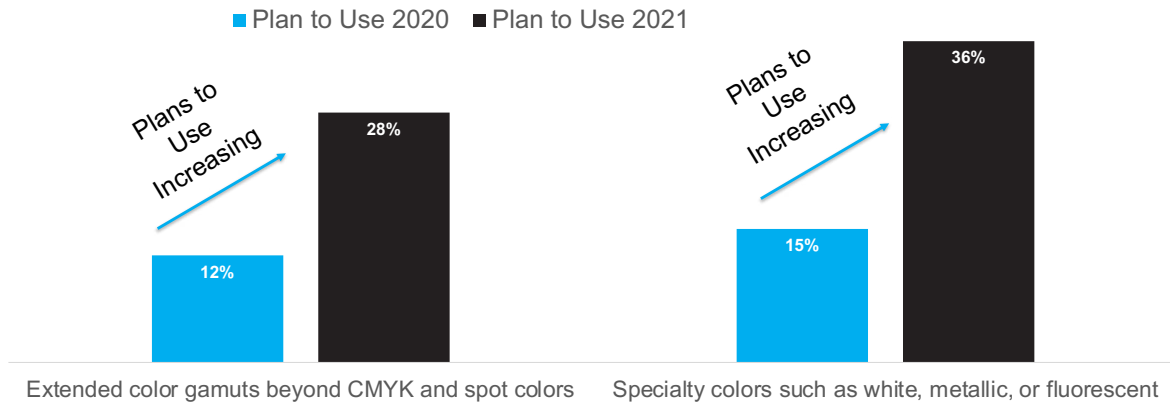
n=257 Print Buyers/Influencers
Source: NAPCO Research Annual Commercial Print Trends and Strategy Service, 2021

n=657 Brand Owners/Marketers that purchase or influence printing
Source: Adding Value to Digital Printing, NAPCO Research 2020



Figure 5: Plans to Use Specialty Effects Increasing

Q. How familiar are you with the following types of printing special effects?



n=257 Print Buyers/Influencers

Source: NAPCO Research Annual Commercial Print Trends and Strategy Service, 2021

n=657 Brand Owners/Marketers that purchase or influence printing

Source: *Adding Value to Digital Printing*, NAPCO Research 2020



Print providers offering customers printing enhancement capabilities are finding success. Consider the following case studies:

- Print2Go, Ontario, Canada, understood print buyers' attraction to enhanced print when it invested in a Xerox® Versant® Press. Company President Snehal Shah said, "White, gold, silver, clear, and fluorescent toners have added an edge to the print we offer customers. CMYK+ is a revolutionary and game-changing experience. Affordability and the flexibility to print millions of colors is combined with the capability to print on everything and every color imaginable. It's easy and less time consuming to swap the toners based on each specific job. This will definitely help our business to grow, offer a wide range of products, and stay ahead of the competition."
- St. Louis-based Supply Concepts Inc. (SCI) prides itself on delivering advanced, bold, and eye-catching images at a competitive price. To that end, the company installed a Xerox® Iridesse® Production Press. According to SCI President Marty Miller, "Our Iridesse's ability to print metallic colors and specialty enhancements in one printing pass has enabled us to bring previously outsourced embellishment jobs in house. This means faster turnaround times for our customers and more revenue for business."

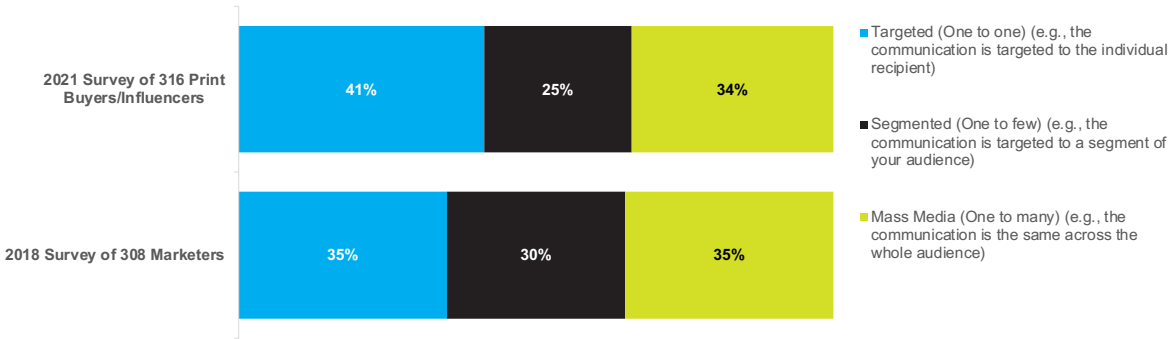
Meeting Customer Demand for Engaging Experiences

Marketers, brand owners, and communication buyers are pursuing methods to attract and engage their audiences with personalized communication experiences. Personalizing communications and marketing messages has become an essential tool for compelling recipients to respond or take an action.

A NAPCO Research survey asked print buyers to break out the degree of personalization of their print communications. Respondents indicated that 34% of their printed materials were static, 41% were targeted to an individual, and 25% were segmented to a specific audience (Figure 6). This research finding points to increasing demand for personalized print.

Figure 6: Printed Communications More Targeted than Mass

Q. What percentage of your printed customer communications are...



Source: NAPCO Research Surveys



Communication buyers and marketers are looking for providers that offer more complex personalization, beyond name and address. As an example, when a retailer sends a communication to customers, it may include past purchases, geographic locations of stores close to the recipient, or a make a purchase recommendation. The power of big data and the Internet of Things (IoT) are expanding personalization possibilities and elevating customer expectations.

Taylor Printing Group, Fredericton, New Brunswick, was founded as a traditional printing company offering large format, packaging, and digital print, but CEO Scott Williams realized the company needed to adapt and diversify into new, higher-value products and services, and rebranded the company to Rocket.

According to Williams, “We purposefully didn’t include the word ‘print’ in our new business name, and I believe that print-only businesses will be irrelevant in five years. Yes, we can provide the printing — and, in fact, we’re now fulfilling more print orders than ever before — but that’s not where we want to focus. Our spotlight is on our dedication to finding the best marketing solution for our clients.”

He continues, “It was a big undertaking and challenging at first for a team used to print-only, but XMPie® had all the tools we needed to get up to speed.” Today, the firm is using this marketing software to successfully offer clients:

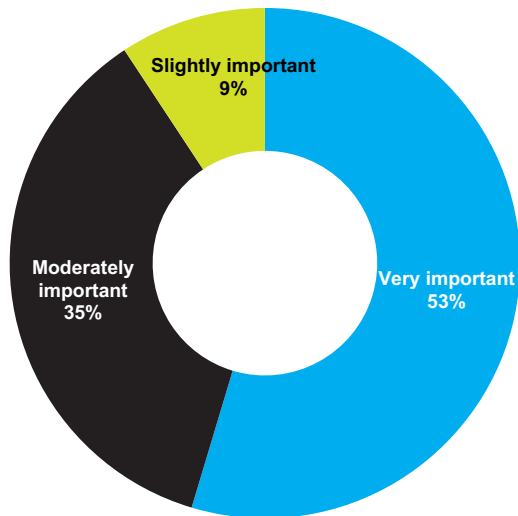
- Data-driven direct mail
- Data-driven email
- Personalized packaging
- Multichannel communications campaigns
- eCommerce storefronts

Williams explains, “To set yourself apart in a commodity space like the print industry, where you’re traditionally competing on price, you need to offer higher value to your clients. You also need to be alert, agile, and proactive at all times to prepare for market changes.”

Security is the factor on the flip side of creating data-based customized print. As cyberattacks and database breaches continue to plague organizations, the importance of data security to print customers is growing. A NAPCO Research survey⁵ of print buyers and influencers found that 53% of respondents view a print provider’s focus on security as a very important feature when selecting a provider (Figure 7).

Figure 7: Security Important in Print Provider Selections

Q. How important are security certifications and policies when selecting a print provider?



n=211 Communication Buyers and Influencers
Source: *Enhancing the Print Customer Connection*, NAPCO Research 2021

In the same research study, commercial printer survey respondents reported that customers require they follow protocols for storing files and data, obtain various security certifications (i.e., HIPPA, ISO, GDPR, PCI), have systems and processes that protect personal identification data, and conduct IT reviews/audits of cloud-based solutions and file storage.

Investing in technology to enhance print strengthens an organization's competitive differentiation and the value of print. Print service providers that keep pace with changes in technology and apply those to create new applications for customers can differentiate from competitors. Today's digital printing technology offers print providers the ability to incorporate special colors and effects, such as using clear or fluorescent colors to ensure the document is authentic, in addition to printing on a wide variety of media types and offering customers highly effective personalization. This means print providers can print applications with higher value and ultimately higher margins.

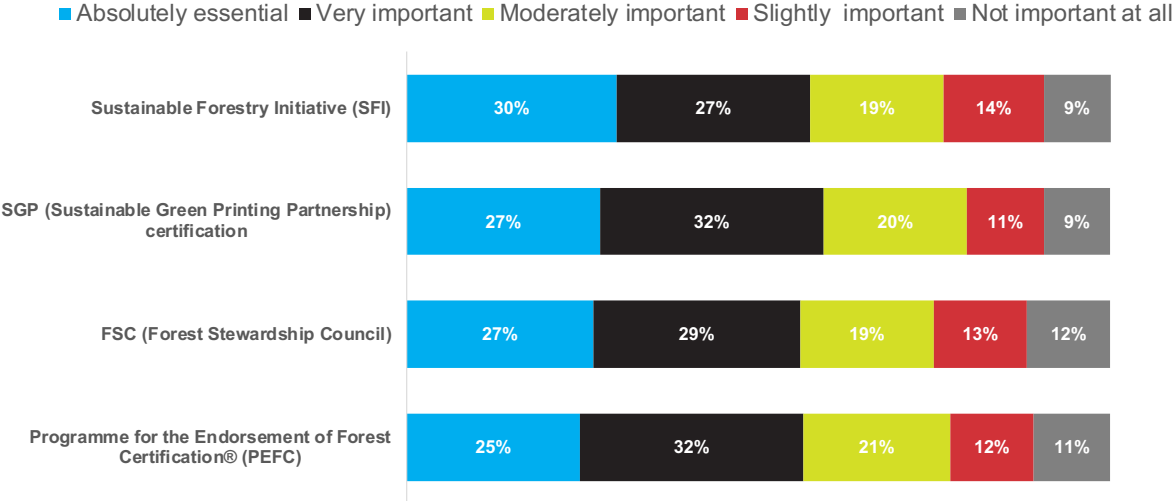
CHALLENGE 4: CHAMPIONING SUSTAINABILITY

Brand owners, marketers, and consumers are looking for eco-friendly options. Sustainability is an important topic across all industries, but printed products often suffer from a perception that they are difficult to recycle, end up in landfills, and are damaging to the earth's forests. At the same time, organizations are becoming increasingly aware of their impact on carbon emissions and the environment.

Sustainable business practices may require extra effort, but can lead to business growth. A NAPCO Research survey of print buyers found that sustainability-related certifications and designations were very important in print provider selections (Figure 8). What's more, requirements for sustainable print practices are showing up in requests for proposal (RFPs), and corporate clients are willing to switch to a supplier that adheres to sustainable practices.

Figure 8: Sustainability Important to Print Buyers

Q. How important are each of the following certifications/designations when selecting a print provider?



n=211 Print Buyers and Influencers
 Source: *Print in the Eye of the Buyer*, NAPCO Research 2020

Production digital print offers print providers a sustainable production method to minimize environmental impacts. Here is a list of digital printing's key environmental advantages:

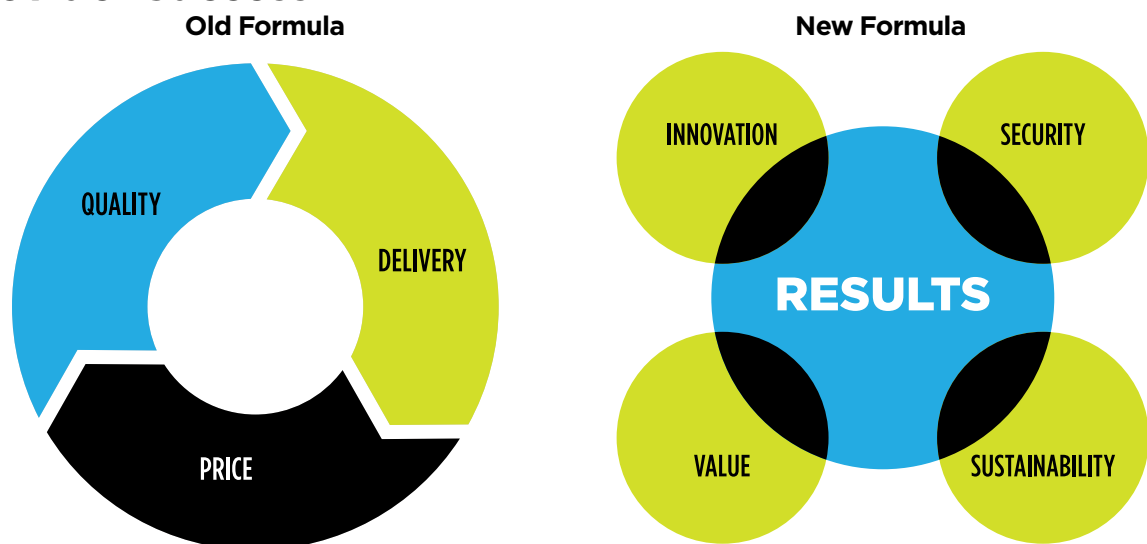
- Digital presses can produce less CO2 emissions compared to more traditional printing presses due to the reduction of process chemicals.
- Printing on digital presses reduces process/makeready waste. Compared to offset printing, digital printing requires less paper and ink. Offset printing methods consistently produce about 15% paper waste⁶ — this amount can be higher for smaller print runs. Digital printing reduces paper waste by about 10% or more⁷.
- Because production digital presses can affordably print lower quantities than offset presses, customers can produce only the quantity required, eliminating the need to store inventory — and the potential for having to throw away outdated, unused materials.
- Digital printers can print on recycled paper. The majority of digital printers can use both recycled paper and FSC-certified papers.

Sustainability has become more than a buzzword and is now a focus of many organizations in their vendor decisions. Pursuing practices that reduce environmental footprints can lead to better use of materials, higher levels of efficiency, and increases in customer work.

CONCLUSION: A NEW PATH FOR SUCCESS

Meeting today's competitive challenges requires re-aligning business strategies to adjust for new market realities. Digital printing and workflow automation have yielded a new formula for success. Meeting customer requirements for price, quality, and delivery has evolved into delivering results with innovation, value, security, and sustainability (Figure 9).

Figure 9: The Evolution of the Formula for Print Provider Success



| **NAPCO**RESEARCH

Digital transformation is enabling print providers to offer innovative, affordable, secure, and sustainable ways to capture attention, engage with audiences, and win more customers. Summing up what is required to meet current market challenges and the role digital printing plays, Andrew Gunn, global director of production marketing at Xerox, observes, “In today’s crowded market, it’s especially critical for print service providers to recognize that sustained success requires delivering more than high-quality work on time and at a reasonable price. Leaders look to solve their customers’ challenges and drive their future success.”

The survey data and print providers profiled support Gunn’s assessment on the actions supporting success. Print providers that are making investments to go beyond meeting basic customer expectations are converting challenges into opportunities while enhancing profitability.

SOURCES:

- 1 *NAPCO Research Annual Print and Supply Chain Commercial Print Investment and Purchasing Service, 2021*
- 2 Omaha Public Schools added a Xerox® Brenva® HD Production Inkjet Press in 2018 and then added a Baltoro® HF Inkjet Press in 2020.
- 3 *NAPCO Research Annual Print Commercial Print Trends and Strategy Service, 2021*
- 4 *NAPCO Research Annual Commercial Print Trends and Strategy Service, 2021*
- 5 *Enhancing the Print Customer Connection*, NAPCO Research 2021
- 6 “A Comparative Study of the Environmental Aspects of Lithographic and Digital Printing Processes”, *A Research Monograph of the Printing Industry Center at RIT*
- 7 *The Environmental Benefits of Digital Printing*, earthclipse.com

WHO WE ARE

 NAPCO RESEARCH

NAPCO Research crafts custom data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts, and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision-making.

NAPCO Research can help with:

- Business goal prioritization
- Opportunity discovery
- Market segmentation
- Landscape insight
- User needs and wants
- Product features and functionality
- Content marketing strategy
- Sales strategy and tactics
- Market conditions
- Benchmarking
- Industry trends
- Brand awareness

Contact research@napco.com to talk with our analysts to find out how we can help you with your research needs.



Commissioned by:

xerox™

About Xerox Holdings Corporation

For more than 100 years, Xerox® has continually redefined the workplace experience. Harnessing our leadership position in office and production print technology, we've expanded into software and services to sustainably power today's workforce. From the office to industrial environments, our differentiated business solutions and financial services are designed to make every day work better for clients — no matter where that work is being done. Today, Xerox scientists and engineers are continuing our legacy of innovation with disruptive technologies in digital transformation, augmented reality, robotic process automation, additive manufacturing, Industrial Internet of Things, and clean tech. Learn more about how the unique capabilities of Xerox digital printing solutions can help you captivate and meet the changing needs of your customers at www.xerox.com.

Xerox®, Brenva®, Iridesse® and Versant® are trademarks of Xerox Corporation in the United States and/or other countries. XMPie® is a trademark of XMPie Inc. BR38385.

